

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

D.T.E. 03-100 Petition of Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company d/b/a NSTAR Electric, pursuant to G.L. c. 164, § 94 and 220 C.M.R. §§ 500 *et seq.*, for approval by the Department of Telecommunications and Energy of a new renewable power supply offering

December 18, 2003

WRITTEN COMMENTS OF COMMUNITY ENERGY, INC.

Community Energy, Inc., as a limited participant intervenor in the above-captioned proceeding, is pleased to offer the following comments in response to the Department's notice of November 20, 2003.

Community Energy, Inc. (CEI) is a developer of wind energy projects and is the leading marketer of wind energy certificates in the nation. Under its NewWind Energy[®] brand, CEI offers customers the opportunity to make a difference in their region with renewable energy certificates generated from emission-free, fuel-free, new wind-generation technology. CEI brought the first commercial wind plant on line in the competitive eastern electricity market in 1999, and has successfully ignited the market for wind energy in the Northeast by creating the market for over 270 MW of new wind resources.

NewWind Energy[®] is available across Massachusetts and the New England region. In Massachusetts, CEI is developing a wind project and also is participant in the National Grid "GreenUp" renewable energy program offered in Massachusetts Electric and Nantucket Electric service territories.

CEI believes that in order to build the market and widespread acceptance for renewable energy, customers of all sizes and classes need access to be aware of the choices of renewable energy products that currently exist, and customers need to have access to those choices. CEI markets renewable energy to customers directly, but also strives to offer renewable energy certificates products through a number of partnerships with utilities and competitive suppliers in order to make wind energy available and affordable for customers.

CEI believes that utility-based green power programs can be effective in providing renewable energy options to electric consumers. While CEI works with a number of competitive suppliers, we believe that renewable energy need not be limited only to switching customers or competitive electric markets.

Electric utilities have the opportunity to reach a wide range of residential and small commercial and industrial customers with information about products and services, and have a reputation or reliability, service and performance with those customers. The trust that exists between utilities and their customers provides an excellent basis upon which to offer renewable energy products.

CEI believes that the most successful formula for marketing renewable energy is to combine the trust, reliability and dependability associated with the utility with the environmental credibility of a recognized renewable energy marketer. The renewable energy offering provided through the utility should specifically recognize the identity, brand, and/or product of a renewable energy marketer in order to provide 1) environmental credibility that comes with the renewable marketer's expertise and experience, 2) maximum choice for electric customers in selecting renewable energy based on important factors such as amount, source, and impact on new renewable development, and 3) increased visibility for the competition that already exists within the renewable energy market.

1) Direct Access and Exposure for Renewable Marketers Provides Environmental Credibility for the Renewable Offering

Renewable energy companies have specific and unique expertise in working with renewable energy technologies, generation sources, and renewable energy certificate trading markets. Utilities in restructured markets such as Massachusetts are no longer in the electric generation business, are not experienced in the renewable energy generation or marketing business, and do not possess the expertise, skill sets, or motivation to be effective in promoting renewable energy.

Marketers such as CEI have spent significant resources focusing on the generation, sale and marketing of a unique and complex product – renewable energy – to customers of all classes, and through a number of different distribution channels from utilities to competitive suppliers to direct sales. For utilities seeking to add renewable energy as a customer option, the success of the offering can benefit substantially from direct and visible involvement of companies with a proven track record in renewable energy. Utilities providing renewable energy as a secondary offering do not possess the same credibility of marketers for whom renewable energy has been a sole focus.

Renewable energy companies such as CEI have significant experience working in close collaboration with environmental groups, government agencies and other important stakeholders who work to ensure the integrity and environmental quality of renewable energy offerings. In collaboration with non-profit, environmental and consumer groups, renewable energy marketers have worked to ensure their products are credible from both environmental and consumer protection standpoints. An example is the work of the Center for Resource Solutions, which has developed through collaboration a "Green-e" code of conduct for marketing renewable energy and standards for renewable energy products.

CEI and other renewable energy marketers have built strong relationships and credibility with the U.S. Department of Energy and National Labs, U.S. Environmental Protection and a wide range of state agencies in developing green power programs and expanding the market for renewable energy certificates nationwide.

Renewable energy marketers have also received significant support from state funds or trusts established to develop renewable energy markets, such as the Massachusetts Renewable Energy Trust, New York Energy Research and Development Authority, Connecticut Clean Energy Fund, Rhode Island Renewable Energy Fund and Pennsylvania Sustainable Development Funds. These funds, most created by legislation or regulation surrounding electric restructuring, have worked to promote the entry of renewable energy marketers into their states to offer meaningful choices for renewable supply.

2) Renewable Energy Marketers Provide Customers with Meaningful Choices

The fact that NSTAR proposes to offer customers a choice of “green power” over their current standard offer or default power is commendable. However, the proposed NSTAR offering provides only “take it or leave it” choice where the content (i.e., the renewable generation source) and amount are determined by the utility. Such an offering does not afford customers the full range of choices that are available today in the renewable energy marketplace.

NSTAR has chosen to procure renewable energy certificates for its product and in doing so, it has made several important decisions on behalf of the customer – such as, what is the best overall percentage of green power a customer can choose (25%) and what source(s) the green power comes from (of the 25%, only 5% comes from wind and solar).

If the NSTAR program were structured so that multiple renewable marketers and/or competitive suppliers could offer renewable energy certificate products for standard offer/default service customers, customers would have the flexibility to choose renewable energy offerings that meet their individual standards and preferences. Customers could choose such options as having increments greater than 25% or even 100% of their power come from new renewable sources, or having power come from specific technologies such as wind.

CEI believes that the most effective renewable energy programs are those that ignite the market for the development of new renewable energy resources. Renewable products that have the highest integrity and credibility are those that drive the development of new, emission-free resources in the customer’s region. Massachusetts public policy has demonstrated the same preference for developing new renewables, through development of a renewable portfolio standard and dedication of significant state and ratepayer resources to the Massachusetts Renewable Energy Trust. Massachusetts citizens should be allowed to choose renewable energy products that

support new renewable energy resources that are most important to their families, businesses or communities.

In Massachusetts and in many other states, customers are afforded choice through utility programs that offer customers the ability to purchase renewable energy through a visible renewable energy partner or through a choice of renewable energy certificate marketers.

The National Grid “GreenUp” programs in Massachusetts Electric and Nantucket electric service territories provide customers with a wide range of renewable energy certificate type and percentage options to “green” their standard offer electric supply. These choices are presented directly to the customers, as qualified renewable marketers are all given access to promote their companies and products through National Grid mailings, websites and communications.

In Connecticut, the Department of Public Utility Control is developing rules for an “alternative transitional standard offer” or “green option” program to be offered through the state’s major utilities, Connecticut Light & Power (CL&P) and United Illuminating (UI).¹ Both utilities have supported the concept of allowing one or more qualified, third party renewable energy certificate marketers to offer green power products to their transitional standard offer customers.

CL&P indicated that “customers can make their own decisions on their supplier of green certificates and even their choice of green power. This approach would offer the Company, green power producers and customers a number of advantages...customers will benefit from a choice of green alternatives....customers are also able to choose the percentage of their monthly consumption that they wish to be supplied through the green power option, and provide clear price signals of the cost/value of these alternatives.”² UI also indicated that “any electric service...should be provided by third party suppliers.”³

3) Utility Green Power Programs Should Promote the Competition that Already Exists in Renewable Energy

The emergence of the market for renewable energy certificates (also known as RECs, TRCs or “green tags”) has fostered the ability of all customers to choose renewable energy without switching from their existing electricity supplier – utility or competitive. CEI is one of a number of firms operating nationwide, in the New England region, and in Massachusetts offering renewable energy certificates to customers of all sizes and

¹ Connecticut Department of Public Utility Control, Docket No. 03-07-16: Investigation of Alternative Transitional Standard Offer Services for United Illuminating and CL&P Customers.

² Written Comments of The Connecticut Light and Power Company, Docket No. 03-07-16: Investigation of Alternative Transitional Standard Offer Services for United Illuminating and CL&P Customers, December 3, 2003.

³ Written Comments of The United Illuminating Company, Docket No. 03-07-16: Investigation of Alternative Transitional Standard Offer Services for United Illuminating and CL&P Customers, December 4, 2003.

classes. Robust competition between those renewable marketers exists, as firms compete based on renewable energy certificate price, content, percentage, geographic location and a number of other factors influencing customer purchasing decisions.

NSTAR indicated in its initial filing that its interest in offering green power is purely based on “considerable customer interest in having available a green power option” but that because the “retail market has not yet materialized for the residential and small C&I sector” green power is “a choice that they do not have.”⁴ NSTAR seems to be making an assumption that customer switching to a competitive retail provider must occur in order for green power to be available. The wide availability of renewable energy certificates that can be provided in conjunction with any form of electric supply and the meaningful choice among renewable supply options suggest otherwise.

The renewable energy certificate market is indeed small – that is why it is critical that utilities such as NSTAR and National Grid offer the most information about the full range of renewable choices available to customers. If the utility is to play a role in renewable energy marketing, its purpose should be to increase visibility of the competition that exists in renewable energy and allow the maximum amount of choice and flexibility for its customers -- not to limit that competition or limit the amount of options available by allowing to the renewable market to develop on terms and conditions it alone prescribes.

CEI believes that collaborative, constructive work between utilities and renewable energy marketers will provide the most meaningful choices to electric customers as we work to ignite the market for new, pollution-free energy sources in our communities. We look forward to working with NSTAR, competitive suppliers, the Department and other stakeholders on a successful and effective renewable energy program.

Respectfully Submitted,

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⁴ NSTAR Green Filing Letter to Mary L. Cottrell, October 16, 2003